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Nature and scope of unemployment

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THESIS

THE NATURE AND SCOPE OF UNEMPLOYMENT

Submitted by

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The Nature and Scope of Unemployment

Chapter I

Introduction

The contributions of America to human progress for three centuries have been most notable in character, and the opportunity for further service in solving a great economic problem, which today threatens the security of all nations, must not be overlooked.

Divine Providence in His bounty has enriched America with valuable deposits of mineral wealth, oils, and many important manufactures and industries, but most of all, He has permitted America to furnish leadership in the solution of important public problems essential to the continued existence of not only the American republic and to the happiness and prosperity of the individual citizens, but also the world in general.

This contribution of America has been coupled to the contributions of the other great

Nations of the world, to find a solution to the great economic problem which now confronts, practically every important nation of the entire civilized world. Into this great problem, these leaders have brought these three essential traits for success, "Faith, Self-reliance, and Co-operation." 1.

To these three traits may be traced much of the success that has obtained in many of the pioneer movements. Without these essential traits, it would have been impossible to attain any degree of success for this or any other nation.

Into this great problem of unemployment, these leaders have brought, "Faith, Self-reliance, and Cooperation". "With these essential traits they hope to meet and solve this great, unemployment problem of the nations."

In this thesis, I propose, to give something of the nature and scope of this great problem of unemployment. I propose to give the most salient causes for unemployment such as natural causes which include, (1) acts of nature,

1. "The Vanishing Job" - J.M. Curley

physical causes and mental causes.. Then such controlable causes, so called, as (2) depressions, (3) seasonal occupations, (4) increased use of machinery, (5) strikes and lockouts, (6) women and children in industry, (7) civil service, (8) pensioned labor, (9) imigration (10) prison labor and(11)accidents . I propose to show in each case the effect of each of these causes upon the question of unemployment. I shall also endeavor to show the losses that may be sustained by the employer as well as the employee. Then, too, I shall give the essential facts that have been offered relating to the reduction and prevention of unemployment in the nature of (1) social insurance, (2) unemployment insurance, (3) Workmen's Compensation, (4) health insurance,(5) pensions, whether contributory or, non contributory, (6) Mother's Aid, (7) education, (8) charity and (9) immigration. From an industrial standpoint I shall offer the more prominent remedies that have been offered, such as, (1) stabilization of labor, through, control of production, (2) the extension of public works, (3) the reduction

of the labor week and reduction of the labor day, (4) regulation of the employment of women and children in industry, (5) regulation of convict labor in our City, State and Federal Institutions and (6) the establishment of public and private employment bureaus. Also I shall quote many of the noteworthy plans that have been offered by the individual organizations for the prevention and reduction of unemployment. I shall strive to emphasize the strong points and show the weak points of these various plans and also offer some of the actual operation of these plans.

Chapter II

Definitions Relative to Unemployment

From the early days of the far distant past down to the present, all writers on the philosophy of life have again and again reiterated the fact, that, if man would have the enjoyment and fulfillment of life man must have some form of occupation to take up, not only his physical energies, but also his mental activities.

Happy indeed is the man who has employment to take up these mental and physical energies. Sad, indeed, the man who has not this employment. Sadder still is the man who is willing to work but is unable to find employment. Not only is he a sad spectacle but he also becomes a problem that must be solved else the whole economic, social and moral order must face most certain ruin. The present startling increase in the amount of unemployment is sufficient to make one pause and consider the reasons for it, and then strive to devise possible methods, whereby these appalling conditions may be remedied.

To intelligently attack any problem

it is necessary to know what is meant by that problem. In this thesis the problem is unemployment, hence, it is necessary that unemployment be defined.

As unemployment negatively is the absence of employment, to properly understand our question of unemployment, it is first necessary to understand what is meant by employment.

Employment has two classes, regular and irregular. Regular employment is that state in which and by which man finds for himself, expression for either his physical, mental or moral energies, at a stipend usually designated as wages or salary. For the man so employed there is no lay off, no cessation of labors, but rather a continuous outlet for his human energies. To the man who commands this wage, or salary, it means, "The partial if not the complete fulfillment of an opportunity to maintain at least a minimum Standard of Living, which means sufficient returns from his labors to enable him to live in accord with the dignity of his personal nature of enjoying the opportunity of subsisting

in becoming comfort, of raising a family and of attending to his mental moral and religious perfection."(1)

As irregular employmnet is in reality unemployment, in this thesis, I shall treat it as unemployment.

Unemployment is generally understood as "Idleness on the part of the worker, which is not due to his own physical, mental or moral capacity." Conversely, "Those workers who are capable of work, but who are unable to obtain employment because of certain maladjustments in the economic orders, over which they have little or no control," (2) generally understood as the unemployed.

Irregular employment obtains when we have workers not steadily employed or who lose a great deal of time from work. Underemployment is irregularity or lack of employment to the extent that the worker is unable to earn wages sufficient to maintain even a minimum standard of living.This underemployment reduces the worker to the level of the poverty group or if, he should accept charity, makes of him a pauper.

(1) Corrigan, J.I.J. "Ethics" Vol. #2 1927 -- The Angel Gaurdian Press pages #67 ff.
(2) "Economic Problems of Modern Life", S. H. Patterson, McGraw, Hill Co. N.Y. 1927 page #137

Chapter III

Statistics on Unemployment

To find out to what extent unemployment has increased, scientific data, although inaccurate, inconclusive and inadequate must be drawn from a great variety of sources.

The first of these sources is the unemployed man himself. This causes great difficulty for he can only be reached after long intervals and at an enormous cost thru a census undertaken by the Federal Government.

The second source is the organized labor union. Thru these unions, we could find out how many men are employed in each union as compared with the total membership. A canvas of all labor unions should be made at least once a year and for some unions the canvas should be made at more frequent and fixed intervals.

Unorganized labor presents a more difficult problem, for in unorganized labor there are no unions, no machinery with which public authorities may deal in collecting statistics. To obtain such statistical data, they must resort to secondary sources. They must canvas the

the lodging houses, pool rooms and other places where the unemployed and the employed men are most apt to congregate. This is unreliable because there may be a duplication and then again there may be many absent when the canvas is taken.

Another secondary source is the industries and lines of business employing labor. The difference between the normal and minimum would show the average amount of unemployment for the different factories.

All these sources of data are inadequate and inaccurate. With these considerations, the available figures on this subject are as follows:-

The United States census for 1900 showed the following:- "6,468,964 working people, or 25% were unemployed during the year. Of these 3,177,753 lost from one to three months' work: 2,554925 lost from four to six months' work each: 736,286 lost from seven to twelve months each". (1)

The figures offered by the United States Commissioner of Labor show the following:-

(1) Bulletin of the United States Bureau of Labor Statistics #310, Washington, D.C. Aug. 1922, pp 837

In 1903 there were three-quarters of a million people out of a job, in 1919, four million were thrown out of employment. (1)

In 1901, the Federal Bureau of Labor investigated 24,402 working class families in thirty-three States and found that 12,154 heads of families had been out of employment for an average of 9.43 weeks during the year. (2)

The New York State Department of Labor in monthly reports during the ten years 1901-1911 investigated 99,069 organized workmen, and estimated that the average number unemployed each month was 14,146 or 18.1 per cent. (3)

The Federal census of Massachusetts for 1905 shows that in onemonth, 701,713 wage earners were employed whereas in another month there were only 459,909 employed, a difference of 241,804. That is nearly one quarter of a million people were unemployed. (4)

From a study made of the entire State of Rhode Island during the Winter of 1914-1915, by Mr. Bohner of the Young Men's Christian Association,

(1) Bulletin of U. S. Bureau of Labor Statics #310 Washington, D.C. Aug. 1922 page #237 ff.
(2) Ibid.
(3) Ibid.
(4) Ibid.

it was found that there were 30,000 unemployed men in the State 15,000 in the City of Providence and about 5,000 others who were working part time only. (1)

In Lawrence, Massachusetts during the Winter of 1914-1915 there were 5,000 unemployed men and 20,000 part time. (2)

In Brockton, Massachusetts during the Winter of 1914-1915, an average of between 4,000 and 5,000 were unemployed. (3)

During the Winter of 1914-1915, it was estimated by the Metropolitan Life Insurance Company that 442,000 people were unemployed in New York. (4)

The number unemployed in 1921 was reported by the President's Conference on Unemployment as between three and one half and five and one half millions with more than fifteen millions dependent upon them. (5)

In April, 1928, Professor Irving Fisher says, "The recent estimate of the number of unemployed made by the United States Bureau of Labor

(1) Bulletin of the United States Department of Labor Statistics #310, Washington D.C. Aug. 1922 p.237 ff.
(2) Ibid.
(3) Ibid.
(4) Ibid.
(5) Ibid.

Statistics shows a shrinkage of one million, eight hundred seventy four thousand and fifty between 1925 and January 1928". (1)

In January 1926 there were two million unemployed in Germany and another three and one half million on part time employment. (2)

A typical survey which may well be representative of any City in the United States, was made in the City of Baltimore in February 1928, by the Commissioner of Labor and Statistics of Maryland. In this survey the following data was found:- (3)

Employed less than one month	1,981
One Month and under two	2,373
Two " " " three	3,041
Three " " " four	2,643
Four " " " five	1,657
Five " " " six	901
Six " " " seven	1,229
Seven " " " eight	275
Eight " " " nine	320
Nine months " " ten	122
	14,542

(1) "The Magazine of Wall Street" - April 7, 1928 page #7
(2) "Unemployment or War"- Maurice Colburne Coward McCann Co. New York, 1928, page #142
(3) "Senatorial Document" #77 70th Congress 1st Session, Unemployment in the United States". page #67

Prot. Forward	14,542
Ten Months and und r eleven	46
Eleven " " " twelve	26
Twelve " " over	778
Time not reported	81
Total	15,473

The foregoing are but typical of the data that may be had on this problem of unemployment. They by no means exhaust the field, but I feel that in order not to overburden the reader with too many statistics at this time, I shall leave much to further development of the discussion. Accordingly I shall disperse further statistics throughout the thesis as the occasion warrants and demands them

The following tables are the latest statistics on the unemployment situation issued by the Department of Commerce for 1931:-

1. The entire State of Massachusetts.

Industries	(Out of work (Looking for work) (Able to work Males	Females	Total
Agriculture	93,579	22,631	116,210
Manufacture & Mechanical	58,365	11,843	70,208
Transportation	8,108	360	8,468
Trade	9,491	2,944	12,435
Public Service	1,369	61	1,430
Professional Service	1,800	1,479	3,279
Domestic	4,218	4,416	8,634
Not classified	7,770	1,491	9,261

2. The entire United States.

Agriculture	105,536	5,632	111,168
Manufacture & Mechanical	1,113,772	5,632	1,12[illegible],610
Transportation	199,2[illegible]0	8,608	207,828
Trade	195,757	55,712	251,[illegible]69
Public Service	221,341	1,458	[illegible]3,999
Professional Service	42,285	33,043	75,[illegible]28
Domestic	88,254	122,178	210,432
Not classified	281,986	34,336	316,322

3. The world at large unemployment statistics as issued by the Monthly Bulletin of statistics for Jan. 1932.

Denmark	9,204
Finland	17,423
France	177,294
Hungary	33,146
Iceland	30,865
Italy	982,321
Japan	425,526
England	2,262,700
Poland	289,057

4. The City of Syracuse figures for unemployment as appeared in the Monthly Labor Review for April 1932

	Native Whites	Negroes	Foreigners
Males	720	47	310
Females	230	64	35

These figures represent the number of unemployed out of a total of 7,000 workers in Syracuse, N.Y.

Chapter V

Reduction and Prevention of Unemployment

The first measure which is successful in meeting the unemployment situation is by social insurance.

Workmen's Compensation

We shall now trace the development, general nature, benefits, administration and the tendencies of Workman's Compensation Laws.

Definite legal provision for injured workmen was first established in Germany in 1885. In 1897 Great Britain enacted a similar law and in 1906 provision was made to cover occupational diseases. The Australasian Commonwealths and Canada soon followed their example. The United States was slower to follow these European countries due to the fact that such a step constitutes State socialism. Finally in 1902 Maryland enacted the first law providing compensation for injuries. In 1908 Congress passed a law providing accident compensation for certain Federal employees. In 1914, an amendment to the New York State Law made possible the enactment of a Compulsory Workmen's Compensation Act.

In 1922 similar laws were passed in forty-three States and the territories of Porto Rico, Alaska and Hawaii. In 1916, Congress made the law of 1908 cover all Federal employees.In 1928 Arkansas, Florida, North Carolina, South Carolina and the District of Columbia are the only jurisdictions that have no such laws.

The inclusiveness of the laws vary with the different States. The percentage of employees covered by the laws range from about twenty-percent in Porto Rico to almost one hundred percent in New Jersey. In fourteen States, less than fifty percent of the workers are covered. Four methods of carrying insurance are employed; namely, exclusive State fund, competitive state fund, private insurance and personal insurance. Most States provide for the carrying of insurance in a State fund.

The benefits paid to total disability varies in the various States. In most States a percentage, generally fifty per cent, of the wages earned at the time of accident is paid. Twenty States and the Federal Government provide that the payments shall continue during a life time. In the case of death, benefits consist, in the most part, of about two or three years total earnings

of the deceased.

The administration is carried out in two ways. First, there is a central administrative board entrusted with the power of enforcing the law, or second, all questions arising may be left to the decision of the courts. Three-fourths of the States adhere to the first method, while only one-fourth adhere to the second manner of administration.

Health Insurance.

The next important measure in social legislation is health insurance, Health insurance first began in Germany in 1883 and now applies there to two-thirds of the gainfully employed, or twenty million persons. Employers contribute one-third of the premiums and the other two-thirds come from the wages of the employees. Benefits in case of illness consist in free medical inspection, hospital treatment, medicines, and appliances; fifty percent of wages after the third day and extending for one-half a year: twenty times average wage for a funeral benefit. All the administrative work of this system is controlled by the National Insurance Office.

The Health Insurance Act of Great Britain was passed in 1911 and has been amended several times. till in 1920 it stands greatly modified. The law includes all manual workers between the ages of sixteen and seventy, and all non-manual workers whose salaries are below $1,250 per year. The employer pays half the weekly stipend of twenty cents and the employees the other half.

A male worker who is incapable of employment on account of illness receives $3.75 a week, which begins at the end of three days and lasts for one-half year. All cash benefits are paid thru the local officer of an approved society. Central administration is vested in the Ministry of Health. The British system is of immeasurable value to the workman and now aids at least 16,000,000 employees.

Investigations have shown that about twenty percent of the wage earners in the United States are ill for an average of thirty-six days but Compulsory Health Insurance has made very little progress. In 1919, the New York Senate voted

favorably on such a measure, but it failed to become a law. The cost of insurance was to be shared equally by the employee and employer. Wage-earning mothers will share in the benefits of the maternity and infant-hygiene law passed by the Federal Government in 1921.

Pensions.

There is no sadder example of the failure of our industrial system to assure justice than a large percent of aged wage-earners, who after a life of hard work, find themselves relegated to the scrap heap with no means of support except the generosity of relatives or charity.

Some form of pension is necessary. A very small proportion of fraternal benefit societies and a few national trade unions, such as the International Association, give old age pensions.

Three forms of old age pensions are noteworthy:

(1) State subsidies may be provided.

(2) Compulsory contributory insurance may be provided.

(3) Gratuitous or non-contributory pensions be granted.

The last two examples are most successfully applied. Germany inagurated the first old age pension in the act of 1889. Upon reaching the age of sixty-five, the worker is entitled to apply for pension.

Under the provisions of the British Laws of 1908 and 1911 as amended in 1919, the Government, without requiring contributions from the employers of employees give pensions to meritorious persons who have reached seventy years of age and who have been citizens for twenty years.

Noncontributory pensions are in vogue in Australia, New Zealand and France, which include in addition to a definite period of residence and citizenship, certain moral, economic and civil qualifications.

By an act passed in 1920, compulsory contributory old age pensions for classified civil service employees of the United States were provided for. Fifteen years of Government service is required. Retirement is allowed at the age of sixty-two for railway mail employees, sixty-five for mechanics, letter carriers and post-office

clerks, and seventy for all other employees.

Noncontributory pensions are not widely established in the United States. Arizona passed a law to this affect, but it was declared unconstitutional. Massachusetts by an act of June 1930 has passed an old age pension bill whereby all persons who have reached the age of 65 years and who have resided in the Commonwealth for a period of twenty-five years may, for the remainder of their days, receive a small monthly pensions

The pension fund is to be raised by a direct head tax of $1.00 which has been added to the poll tax of all males who have reached twenty years of age.

Widows and orphans are benefited by noncontributory pensions. Such pension systems have been adopted in several European countries and New Zealand.

Up to the year 1932, forty states in addition to the territories of Alaska and Hawaii have enacted mothers pension laws. The eight States that have no such law are Rhode Island, South Carolina,

North Carolina, Alabama, Georgia, Kentucky, Mississippi, and New Mexico. No uniformity consists in the various laws. Most States grant payment to mothers with dependent children but nine States limit the payment of pensions to widows. The payment is very inadequate. Payments usually ran between $12. and $15. a smaller allowance is often allowed for each additional child.

Unemployment Insurance.

One of the most satisfactory schemes of unemployment insurance is that which originated in Ghent, Belgium in 1901. In this system the administration is taken over by the trade unions, which make substantial contributions out of the dues of their members to unemployment benefits for them. These benefits are further increased by appropiations from the public treasury justified on the ground that if the City does not help them in this way she will be compelled to do so in the more humiliating and demoralizing form of poor relief. The contribution required from the trade unions gives them the strongest incentive for preventing fraud against the fund, and since the members of a

union know each other personally, they can generally judge whether a fellow member is deliberately loafing or not at the funds expense. The administration is fairly economical and efficient.

Berne made the first attempt under Government auspices to provide for insurance against unemployment on January 13, 1893. Membership was entirely voluntary in nature. The only condition of membership was the monthly payment of dues which amounted to seven cents per month. To this monthly fund the town added a subsidy which was not to exceed nine hundred and sixty-five dollars a year. The relief was only granted during the Winter months of December, January and February. To obtain the relief the member had to pay his dues regularly for six months and be out of work for at least fifteen days. In its third year of existence, six times the amount of dues received from members was paid in benefits.

St. Gall followed the lead of Berne, on May 14, 1894. Its policy differed from that of Berne in that compulsory unemployment insurance was adopted. The canton of St. Gall gave the authority

to any of its communes to create such an unemployment insurance, and further permitted several of its communes to combine in organizing a general insurance system. Membership was compulsory on all men whose wages did not exceed five francs per day. Weekly dues were based on the amount of wages received weekly by its members, not to exceed however 30 centimes· the amount of benefit was likewise proportioned. To be entitled to the benefits, he had to pay his dues for six months and be out of work for five days. The fund was administered by a commission of nine members, two of whom were appointed by the municipal authorities and seven by the workmen.

The following table shows the receipts and expenditures during the year it was founded:- (1)

Receipts

Contributions of members	$4183.14
Municipal subsidy cash	772.00
Municipal subsidy, payment of operating	1084.44
Interest	21.81
	$6061.39

Expenditures

Benefits	$4536.30
Operating expenses	1084.44
	$5620.74

(1) Trade Unionism and Labor Problems - Commons
John R. Ginn · Co. Boston 1905 p. 594

Balance on hand $440.65

The British unemployement act went into effect July 15, 1912, which includes all manual and non-manual workers whose earnings do not exceed $1250 per year, but excludes those in agricultural and domestic work. Twelve million are covered approximately by this act. The age of insurance is sixteen years of age. The contributions of employers and employees are thirty cents a week. Unemployment benefits may be drawn for one-half a year. The waiting period is six days. The employee is not compelled to accept a job in a place where there is an industrial dispute, nor at wages less than the scale for his occupation or trade. To reduce unemployment a refund of one-third of his own contribution is given to the employer for each employee assured work for not less than forty-five weeks in a year. Unemployment books are furnished the employees who give them to the employer on being hired. Then on pay day the employer affixed stamps to the book representing the combined value of his own and the employees contribution. Stamps are furnished the

employer by the Post Office, and the money thus derived is sent to the unemployment insurance fund. When the worker is unemployed, he takes his book and deposits it at the insurance office, thus registering himself.

Although the United States has no state or national system of unemployment insurance, several experiments are tried in private industries. Perhaps the best known of these plans is the "Cleveland Plan" which was instituted by the ladies, garment industry in Cleveland, Ohio. In this plan, each employer guarantees each regular worker twenty weeks of work during each half year. If the employer does not provide the guaranteed period of work, the employees are entitled to two-thirds of their respective wages during the unemployed part of the twenty weeks. The employer builds up an unemployment fund by depositing with the chairman seven and one half per cent of his total payroll for each week. At the end of each six months period, that portion of the fund which has not been paid out to the employees for unemployed time is given back to the employer.

In 1921, a bill was introduced in the Wisconsin Legislature which would require all employers to pay a dollar a day for a term of thirteen

weeks to every employee laid off thru no fault of his own. Such a system would tend to regularize production and stabilize the credit basis, since unemployment would penalize the employer instead of the employee, and banks would be unwilling to advance money to employers who could not give proof of their ability to furnish regular employment.

Education.

Although it may not be possible to entirely elminate altogether under our present industrial system, the economic costs of labor turnovers, much can be done in the way to lessen it. The suggestions offered for the reduction of labor turnover in industry include - the establishment of a centralized and specialized employment department a proper system of apprenticeship and methods of promotion: job analysis: improved labor standards: bonuses, profit sharing and the like: improvement in living conditions: regulation of production establishment of amicable relations between department heads and employees and the organization of a plant committee.

Constructive policies such as the above enumerated, have helped considerable to cut down unemployment in many establishments.

Swift and Company in 1925 spent $15,000. in training their five thousand foremen thru a course to teach them how to handle their men so as to increase industrial good-will and reduce the number of unemployed men.

Education of the workers thru industrial education and vocational guidance reduces unemployment. As industry stands on its present basis, there will be a demand for low-skilled men. Yet it does not necessarily follow that the men who take such positions need to be unskilled. Indeed they may be well trained, highly educated and cultured. It rests with the school to see to it that the boys and girls who enter the school have at least a minimum of vocational training.

Now we shall see what school systems are doing providing vocational preparation. The schools in general afford preparation before employment begins. We shall now take up how the school accomplishes this:-

(1) For business pursuits. The report of the North Central Association shows that in 1925 there were 309,395 enrollments in commercial subjects among the 678,935 pupils enrolled in the 1571 public high schools governed by the Associations. In this

commercial course the student is given instruction which at least is practicable in typing, stenography, business arithmetic and bookkeeping. (1)

(2) For homemaking. The North Central report referred to above shows that 100,156 girls, or about 33 percent enrolled, were pursuing the homemaking subjects.

(3) For agricultural pursuits. The United States is preparing more than 67,545 for agricultural pursuits today (2) This number is very small because modern life is so organized today that it encourages the farm boys to go into the industrial, professional and business occupations of the big cities.

(4) For industrial pursuits. Working on the theory that three-fourths of the children who leave school to go to work, would stay in school if opportunity was offered. Consequently, numerous trade schools were established in the Eastern States especially Massachusetts. When a pupil completes

(1) Report of North Central Association of Colleges and Secondary Schools for 1925) page 93

(2) (Ninth Annual Report of Federal Board for Vocational Education 1925) page 225

a two year trade course at sixteen years of age, it is very difficult for him to find employment at that trade till he is eighteen. Consequently many trade school graduates must either find employment in some other occupation than that which they prepared for or go to school till they are eighteen years of age.

Also in modern industry there are jobs that need no preparation. The work is so highly specialized that they need no preparation. To cite an extreme case, 4032 different jobs in a large plant in Detroit were classified as follows according to the time required to become proficient. (1)

1743 jobs or 43 percent require 1 day or less.
1461 jobs or 36 percent require 1 day to 1 week
251 jobs or 6 percent require 1 week to 2 weeks
534 jobs or 14 percent require 1 month to one year
43 jobs or 1 percent require 1 year to 6 years

Another means of vocational preparation is by correspondence courses.

An effort is being made to alleviate the unemployment situation in the cities by bringing the same vocational training to those in the rural districts. This is done by means of correspondence

(1) Mead, J.E. "Salvage of Men" Ford Motor Company 1919 p. 143

courses. In 1922 arrangements were made by the principal of the Benton Harbor High School for his pupils to obtain vocational preparation from a Chicago correspondence school. In 1925 in this City 13,000 population, 114 pupils obtained preparation in this manner, Among the various courses were the following; advertising, automobile repair, cartooning, electrical engineering accounting, navigation, plumbing, poultry farming, surveying, and mapping.

Another means of alleviating the unemployment situation is by means of preparation in connection with employment. The co-operative high school course has been used in a number of cities to provide preparation for occupations. This plan was first inaugurated in Fitchburg, Massachusetts in 1908, which was primarily a plan for training engineers. (1) This plan places pupils at half-time employment at occupations which they wish to follow, the other half of their time being spent in school.

The compulsory continuation school is required by law in one half of the States. The Federal Board of Education reports in the year ending June 30, 1925 there were 319,002 in continuation schools. (2)

(1) "The Fitchburg Plan", McCann, Matthew R. United States Bureau of Education, page #167

(2) Federal Board for Vocational Education Ninth Annual Report 1925) page 215

University School of Education Library

In several large cities another type of part-time school is making an important contribution to vocational preparation, the part-time school for apprentices. Generally a three-fold agreement is entered into between the school, employers and the labor union. The schools provide the classrcom, equipment and teachers. Employers pay the apprentices,and the labor union lends its moral support. The following table shows the number of apprentices in different trades who were attending such part-time schools in Cleveland in March, 1926 - (1)

Auto mechanics	44
Plumbers	143
Machinists	91
Bricklayers	197
Carpenters	218
Painters - Paper-hangers	81
Electricians	109
	883

Evening classes is another form of preparation. This type of work surplants the daily experience of adult workers and makes them more proficient in the occupation in which they are already engaged.

(1) "The Problem of Vocation Guildance"
Myers, George E., MacMillin Co. N.Y. 1928 p. 160)

Worthy of commendation are the schools of the type of the Lowell Textile School which reduces unemployment. In these schools, experts are trained to produce more goods. It was established for the purpose of giving instructions in the theory and art of textile industry. It offers thorough instruction in the elements and principles applicable to the textile industries. "Not only did the unusual progress of the textile industry require such a school, but thru the rapid development of the manufacture of the coarse cotton fabrics in the Southern States a crisis has occurred in the leading industry of New England which could be met only by wider and more thorough application of the sciences and arts for the production of finer and more varied fabrics". (1)

Regulation of Convict Labor

New Jersey has the following law which went into effect March 27, 1917. "Prisoners are not to replace free labor locked out or on strike, nor are they to be employed on any public work when sufficient free laborers apply". (2)

(1) "Persistent Problems" Taylor, Arthur C. p. 177

(2) American Labor Legislation Review 1915 p. 535

In the law which went into effect March 7, 1917 in North Carolina the following conditions are involved. "Contracts by which the labor or time of any prisoner in the State Penitentiary, Prison or Reformatory, or the product or profit of his work, is given or let to an employer, are prohibited".(1)

The following law went into effect in Tennessee in October 1, 1916. "The system of contracting or leasing the labor of convicts to manufacture is abolished". "So one of the greatest needs of the country today is the enactment of laws such as the above to prohibit free convict labor interfering with paid labor and thus causing unemployment". (2)

Immigration

The immigration policy of the United States has been planned with little regard for the great need of adjusting the incoming of aliens to the industrial need of this country. The literary tests and influx based on nationality percentage tend to keep out no more aliens in times of depression then in times of national prosperity. American labor has sound judgment back of the demand for the complete exclusion of foreign imigrants when the labor

(1) American Labor Legislation Review 1915 p. 535
(2) Ibid.

demand is too excessive. If this policy were supplemented by a careful selection based on industrial needs so that the immigrants could enter those industries in which the labor demand is greater than the supply, then both the interest of the American workers would be safeguarded and their standard of living would be protected. So far sentiment and political influence have prevented this, with the dire result that in years of great unemployment, the American worker has suffered because of the flood of immigrant workers into a field in which the labor demand is nearly negligible.

In 1929 and up to the present time the President of the United States, Herbert C. Hoover has advocated to Congress a restriction of immigration, to this country, as a means of alleviating unemployment. The President has suggested that imigration be restricted to students and such artisans as shall not in any way increase, by their presence in this country, the already acute unemployment situation.

In 1875 and 1882, Federal Laws were passed

to keep out people who were considered to be detrimental to the public welfare. The Law of 1885 forbade the importation of contract labor: more effective measures providing for the deportation of imigrants landed in violation of the laws of 1885 were passed in 1887-1888. In 1891 another law was passed forbidding the importation of people afflicted with disease and paupers. In 1894, a law was passed which raised the head tax on imigrants to one dollar. In 1903 the Department of Commerce and Labor was created and the office of the Commissioner General of Labor was placed in this department.

In 1907, a law was passed which raised the head tax on imigrants to four dollars. In 1910 an act forbidding the importation of women for immoral purposes was passed. On February 5, 1917 a law was passed which provided for an illiterary test for imigrants. The Law of 1917 increased the head tax to eight dollars. On June 3, 1921, a percentage law became effective, which provides that the number of aliens of any nationality that can enter in any year shall be only taree percent of those which were already residing in the United States,

determined by the census of 1910. This act expired June 30, 1922, but Congress extended the law to June 30, 1924.

Charity.

Charity, as a means of relieving the suffering caused by unemployment is universally condemned except in special cases. Soup Kitchens, Bread Lines, and the Unemployment Doles are to be discouraged, since giving to able-bodied persons has deleterious effects upon society and individuals. Municipal lodging houses are often provided for single men, but an amount of work is required of every individual who is thus aided. Odd jobs and workshops are means of caring for unemployed persons when no other sources of work are available. Workers want employment, not charity.

Over expansion of credit is the cause of business cycles and fluctuations of employment, so it is necessary that a more conservative policy of credit extension be introduced. This step depends entirely upon the banks.

In periods of industrial activity when business men ask for large amounts of credit to make extensions necessary in order to get a full share

of the abnormal market, limitations should be imposed on borrowers. When such restriction is absent these enterprisers will extend their industries.

Manufacturers.

Manufacturers are able to relieve the unemployment situation by part time work: manufacturing for stock, plant construction, general repairs, improvements and readjustments: improving sales methods: increasing the variety of products and standardizing products

In periods of inactive demand, manufacturers can produce products for stock and the surplus may be stored away. Standardization of styles and products can be brought about by the earnest co-operation of the consumers and the manufacturers.

Manufacturers can make improvements and extensions not during the prosperous times, when labor is scarce, but when there is an over-abundance of labor such as in times of great unemployment. Employment could be greatly steadied if these activities were extended until times of slow production. This would result in a lower cost to the producer and would tend to relieve the unemployment situation.

Labor Exchanges

Under the Labor Exchanges Act of 1909, a complete National System of Employment Bureaus was established for the entire United Kingdom. It resulted from a study of the problem of unemployment during and after a number of exceptionally severe trade depressions and upon the recommendation of the Royal Commission on the Poor Laws of Relief of Distress 1905 to 1909.

A labor exchange is "any office or place used for the purpose of collecting and furnishing information, either by the keeping of registers or otherwise, respecting employers who desire to engage workpeople and workpeople who seek engagement or employment." (1)

In January, 1916 there were 390 labor exchanges and together with their branch offices they cover the whole United Kingdom. They are further grouped in eight territorial divisions and which in turn are co-ordinated with a central office in London.

In 1915, the labor exchanges received 3,186,137 applications for work, representing 2,345,816 individuals. The following table shows

(1) Sect. 5, Labor Exchange Act Sept. 20, 1909

the operations of labor exchanges from 1911 to 1915. (1)

Year	Exchanges open	Applications	Individuals	Vacancies	Work given	Vacancies filled
1911	261	2,040,447	1,513,369	788,609	469,210	621,410
1912	413	2,465,304	1,643,587	1,062,774	573,709	828,230
1913	422	2,965,893	1,871,671	1,222,828	652,306	921,853
1914	401	3,442,452	2,164,023	1,479,024	814,071	1,116,999
1915	390	3,186,137	2,326,803	1,797,646	1,058,336	1,308137

Compared with the year 1913, the number of vacancies reported increased by twenty-one percent in 1914 and by 47 percent in 1915, the number of registrations by 16 percent, in 1914 and by 7 percent in 1915: the number of individuals registered by 15 percent in 1914 and 24 percent in 1915: number of individuals given work, by 24 percent in 1914 and 62 percent in 1915: and the number of vacancies filled by 21 percent in 1914 and by 41 percent in 1915.

Hitherto we have considered the results of the labor exchanges in general. Now we shall consider their effect by a number of specific instances.

First, we shall consider the effect on casual labor. The Liverpool dock scheme has attracted wide interest. In brief, it operates by

(1)Seventeenth Abstract of Labor Statistics of the United Kingdom and Board of Trade Labor Gazette for Feb. 1916

a system of connected branch exchanges at different points along the water front. Here tallies are registered to workmen, and the total weekly earnings are paid out to them in a lump weekly sum. The statistics gleaned from the payment of wages thru the clearing houses, according to Mr. R. Williams the originator, "prove very clearly that shipowners are suffering by reason of the fact that they have no reliable reserve of labor" and "that, given efficient and systematic organization, a very large number of men would be permanently employed year in and year out at the docks".

Similar schemes are in vogue in Goole, a small East Coast Port and in Sunderland. Casual labor is dealt with under a like plan in the case of cloth porters in Manchester and cotton porters in Liverpool -(1)

Number of jobs found thru casual register 1911-1914:- (2)

Class of Laborers	1911	1912	1913	1914
Cotton porters, Liverpool	4,237	3,108	1,958	1,652
Cloth porters Manchester	66,701	62,047	69,013	38,914
Dock Laborers	22,220	158,881	152,636	114,401

(1) First Year's Working of the Liverpool Docks Scheme Williams, R.P.S. King & Sons London 1914 p. 130)

(2) Seventeenth Abstract of Labor Statistics of the United Kingdom and Board of Trade Labor Gazette for Feb. 1915

From the very first labor exchanges have been used to solve the effect on seasonal labor by studying ways and means of dovetailing different seasonal employments. In 1915, 7,106 vacancies were filled for fruit and hop pickers, the figure for 1915 being 8,031. Arrangements are made each year with the Post Office to hire labor in connection with the Christmas rush. The number of vacancies filled was 33,264 in 1911 39,700 in 1912, 42,343 in 1913, 35,553 in 1914.

The total number of women placed in employment thru the labor exchanges was at the end of 1915, 55,499. (1)

Also the labor exchanges are of value to the employee and the state. In Germany, the exchanges have reached the greatest development. The Trade Union Exchanges in Germany act as selling agents for labor and the employers are expected to go there and hire the laborers. They are organized by trades, several trades in one building, where they make a central exchange. There are three other classes of labor exchanges in Germany, namely the following -

1. The commercial, thru correspondence.
2. The private exchange, operated mainly for profit.

(1) Lloyd George - Newcastle -on-Tyne Dec. 1915

3. Philanthropic bureaus, with a charitable aspect and uncertain financial report.

It was estimated by the New York Industrial Commission in 1911, that there were sixty free public employment bureaus in the United States. Twenty-one States have now made provisions for labor exchanges. The first one was established in Ohio in 1890. Nebraska was second in 1897. Missouri and Illinois established bureaus in 1899. Kansas, West Virginia and Wisconsin in 1901. In 1914, New York by a Legislative Act enacted a system of labor exchanges and in 1916 New Jersey and Pennsylvania followed suit.

Proof of the usefulness of these bureaus is shown by the increase in the bureaus during the years that they have been in existence. Illinois has eight offices: Indiana, Michigan, Ohio and Connecticut have five exchanges: Colorado, Massachusetts and Wisconsin have four exchanges and Minnesota, Missouri and Oklahoma have three. In 1912-1913 Colorado filled 15,392 positions. Connecticut in 1913 filled 8,725 and Illinois 69,000: Missouri, 14,439: Ohio 67,425: Oklahom 13,292 and Wisconsin 26,837. (1)

The per capita cost ranges from 18 cents

(1) Persistent Public Problems p. 125

in Michigan to $1.67 in Rhode Island, but this is far less expensive than maintaining unemployed men thru public charity and relief. "Better the worker in the job line than the unemployed in the bread line".

If every State had an effective system of exchanges, able to deal with the unemployed, our present chaotic condition in the labor market would be greatly eliminated.

Numerous private employment bureaus exist throughout the country. In New York City, there are at least eight hundred such agencies. A canvas undertaken in Pennsylvania shows that there are 49 labor contractors and 146 commercial domestic agencies carrying this on. There are ninety private employment bureaus in the City of Boston, according to Mr. Walter Sears, formerly Superintendent of the Boston Public Free Employment Bureau. There are thirty like bureaus in Kansas City which take care of about thirty-three thousand jobs. In general the private employment bureaus need to be supervised by public authorities and in a few Western States, they are supervised by the labor departments.

Private employment bureaus are subject to the following abuses -

1. Collusion between the agencies and labor foreman to keep the labor force shifting and thereby increase the fees.
2. The placing of people already employed in new positions so as to fill two or three positions by the shifting process.
3. Charging of excessive fees.
4. Misrepresentation in regard to the qualifications of applicant and of the character of the positions.

Public Works.

"A careful arrangement of public works to be increased in the slack seasons and lean years of private industry would help equalize the varying demand for labor. Public work must be systematically distributed". (1)

Even at a greater cost public works should be conducted in years of depression. A program of public work should be laid out several years in advance and then pushed when the unemployment situation is most intense. Among the public works to be undertaken in times of dire

(1) The American Association for Labor Legislation Investigation.

stress in unemployment, are, road making, building bridges, sewers, parks and the improvement of cemeteries.

Municipal work should be taken with the greatest caution for there are many dangers involved. It has a bad effect upon the men who are accustomed to look to public authorities for the support of private individuals and tends to destroy the very thing which must be insisted upon, that the man who must be interested in finding work for the unemployed should be the unemployed himself. This work may also have a bad effect upon wages. To prevent this, public works must pay less wages, and less than the market rate for labor, so that there will be no attraction in work of this nature. Also work of this nature should be provided for these men only who have families dependent upon them for support. They ought not to be paid in money but only in commodities such as clothing and provisions

Various modern methods have been used to provide refuge for the unemployed. Germany has undertaken the so-called labor colonies. These are generally supported by public and private enterprizes combined. The laborers are paid a small

wage, never-the-less they are not self-supporting. They are usually crowded in Winter, and in the summer do not have enough work for the men. The Naison de Travail, in Paris, conducted by the Sisters of Charity is self-supporting and earns a profit.

The communities which have not adopted such a policy, should start right away for it is better to give work thru the public works than to support the unemployed thru charity. Over fifty American cities carried on such a program successively during the Winter of 1914-1915.

The Shorter Week.

The establishment of a six day week is necessary. To remedy the seven day week, the "Standary Bill", prepared by the American Association for Labor Legislation for adoption of State Legislature provides that in factory and mercantile establishments, employees, with a few necessary exceptions, shall be allowed one day of rest in seven. How does this effect unemployment? To meet this requirement, the manufacturer needs to add one-sixth more workmen to his corps.

While fifteen foreign countries had

by June, 1928, ratified unconditionally the convention adopted by the official International Labor Conference in 1921, specifying that employees be given a rest day, of at least twenty-four consecutive hours, In this country only six States and the Federal Government have passed laws embodying the principle of one day of rest in seven. (1)

The California and Connecticut laws provide for exemption "In any case of emergency." The Federal Law is applicable only to Post-Office employees, the Michigan law lists many exceptions, in addition to the exceptions of the Standard Bill, Massachusetts lists many exceptions. In Wisconsin workers in flour mills, milk and cheese plants are exempted. Despite the great lage of one day rest in seven, many leading authorities advise its acceptance.

John M. Pattison, President of the Union Central Life Insurance Company in 1914, said, "If an applicant came to us for insurance, and we knew he was working seven days a week, we would refuse the risk."

John A. Voll, President of the Glass Blowers Association of the United States and

Canada said. "The greatest factor in bringing on tubercolosis is overwork." One day of rest in seven and the shorter work day will improve the health of the wage-earner, will raise the standard of society, and will increase population." (1))

Regulation of Child Labor.

Another means of reducing the unemployment situation is the modification of better child labor laws.

In the outset of this discussion let us see what the various distinguished characters say about child labor.

Dr. Felix Adler, Chairman, National Child Labor Committee said at the tenth annual meeting of that organization held at New Orleans March 15, - 18, 1914. "The abolition of child labor will mean the enhancement of the standard of living for the working classes, without in the least necessarily implying an increase in the cost of production."

Pauline M. Newman, General Organizer of the International Ladies' Garment Worker's Unions said at the same meeting, "Every one is asking the vital question as to what is to be done with unemployment? My answer is this - "Take out the

(1) American Labor Legislation Review March, 1917

children from the mines, mills and factories, and put the unemployed adults to work in their stead".

Owen R. Lovejoy, General Secretary, National Child Labor Committee said, "The little child working at the manufacturer's machine is the one who becomes industrially inefficient. He is the first to be unemployed when business is slack and the last to be taken on when business picks up."

It has long been recognized that child labor may be marketed in severe competition with the labor of men and women. This is claimed as the most serious effect of child labor. By child labor, adult workers may be displaced and thrown out of work. In unskilled occupations or where easily operated machines have been introduced, child labor has resulted in the displacement of adult labor.

Because child workers cannot bargain collectively, employers find it easy to extend the hours and to neglect the physical condition of employment. In the period of general depression 1921-1922 the Secretary of Labor stated that one and

one-half million more jobs for adults would be available to relieve the unemployment situation in the United States if child labor were entirely eliminated. On both economic and social grounds, the Secretary protested against the practice of working children in the heartless maw of factories, mines, quarries, and and on farms.

Also unemployment among children is apt to be very high. A study of unemployment among a certain group of children in Boston showed that the proportion of unemployed time was 14.4 percent. Other investigations have revealed the same thing.

To relieve unemployment therefore, we need to enact better child labor laws than we have hitherto and we also need to administer compulsory school attendence more vehemently.

THE DENNISON PLAN, OF TODAY

Prominent among the concerns that have adopted a plan for the prevention and relief of unemployment is the Dennison Mfg. Company Framingham, Massachusetts. This company generally started in September and lasted for four months. By the application of the following principles, the company has reduced seasonal unemployment.

(1) By getting the customers to order at least a minimum quantity of the goods well in advance of the season.

(2) The proportion of nonseasonal orders is increased.

(3) All stock items are planned more than a year in advance.

(4) Departmental needs are planned in advance.

(5) The building up of our-of-season items and varying the lines of production in order to balance one demand against another are enccuraged.

The number of employees increased from 1,840 in January, 191[illegible] to 2,650 in January, 192[illegible], the firm passing successfully thru the period of acute unemployment of the years 1920-1922. (1)

As has already been alluded to, one of the better known of the plans adopted to aid the stabilization of labor and hence an aid to continued employment has been the Dennison Plan. By this plan although essentially a plan to afford aid to the employees in time of stress, yet it has served to instill into the employer some measure of his responsibility to his employees.

These trying times, thru which not only this

(1) American Labor Legislation Review Vol. XI. No.1. Mar. 1921 pp. 53, 53)

country but every other large country has passed, and is now passing thru, have in the main worked havoc with some of the best plans which have been formulated toward offering relief to its employees in dull times. That the Dennison Plan has suffered is not to be wondered at.

The Dennison Plan operates essentially upon six major features:-

1. Long range stock goods planning.
2. Getting seasonal special orders in early.
3. Adding stock items to supplement special items.
4. Building up out of season business.
5. Training employees for supplementary jobs.
6. Study of the business cycle.

The Dennison Company operating on these essential features was able to withstand the depression of the early 1920's. After this period the Dennison Company thrived. The peak was reached in 1929, at which time it numbered close to 3,000 employees on its payroll. Then came the turn of events and all businesses found themselves in the midst of a depression which has steadily become worse. Naturally the Dennison Company felt the effects of this falling off in business and had to start a program of retrenchment. As is usual with all retrenchments the employees had to suffer. The Dennison Company laid off in 1930 some 1200 employees and at varying times up to

December of 1931 has continued to lay off employees, so that, now but somewhat over 1,000 employees are on the Dennison payroll.

What about the assurance of wages to the employees in dull times? Under the Dennison Plan employees of six months service are entitled, if married, to 80% of their wages and if single to 60%. This guarantee of wages lies wholly with the management. If a man makes an honest effort to obtain employment and cannot then his wages are continued. If, however, upon investigation the employee has not made any effort to obtain other employment the wages guaranteed him, by this plan, cease to be in effect and that former employee is automatically dropped from further compensation.

Practically all employees laid off have entered, as far as is known, other fields of endeavor or have been eliminated for cause.

Although this plan is essentially still in operation yet conditions are such that very careful investigation is now made before continuance of the payments. As is natural with all such plans the ends for which they are intended are not always accomplished.

Procter and Gamble, the soap manufacturing concern of Cincinnati, Ohio, established its profit sharing system in 1887.

The Garner Print Works and Bleachery of Garnersville New York, also has a loss sharing system which sets aside 15 percent of net profits as a sinking fund for losses.

The International Harvester Company has a plan which was adopted in 1919 to promote mutual understanding and confidence and thus reduce unemployment.

Similar plans to promote mutual understanding are used by the Colorado Fuel and Iron Company and the Philadelphia Rapid Transit Company, W. C. Nelson Company of St. Louis, Missouri and Ballard & Ballard Company, Louisville, Kentucky.

Chapter VI

Summary

We have seen then, from this "Thesis", that unemployment is caused by factors reaching into a vast area of incidents that characterize our industrial, society and wage earning group. The most obvious of these causes are physical and mental incapacities. The economists are interested in such causes as cyclical and seasonal flucuations and industry, strikes, lockouts, influence of machinery, general overproduction, imigration and many other causes rising from political natural and personal cuases.

Having become interested in these causes the next step of the economist is to take up the problem of the reduction and prevention of unemployment thru the various laws, bills and other means undertaken by the countries of the world. Among these measures are:-

1. Social insurance which economists trace thru its development, general nature, benefits, administration and the tendancies of Workmen's Compensation Acts.

2. Health insurance, as applicable to the wage earner of the various countries.

3. The various pension systems, whether State, subsidized, contributory or gratuties.

4. The various forms of unemployment insurance instituted in the various concerns throughout the different countries of the world.

5. What the manufacturers themselves can accomplish in the way of preventing unemployment, viewing some of the noteworthy accomplishments in this line by the various concerns.

6. The schools and what they can accomplish.

7. The various labor exchanges.

8. Municipal and State employment work.

9. The five and six day week.

10. Regulation of prison labor.

11. Regulation of imigration.

12. Child labor.

13. Trade Unions.

To substantiate the economist' statements many noteworthy firms are considered an example of attempts to take care of unemployment among its employers.

It is evident then that, the only cure

for unemployment is employment and it is necessary to eliminate the causes that produce seasonal fluctuations and depressions in order to stabilize production and work. The various methods of relief are palliatives, not remedies. Unemployment is at the bottom of such of our economic and social waste and it is socially expedient that an earnest effort be made to solve the greatest of all problems of industry. In the words of President Hoover, "There is no economic failure so terrible in its import as that of a country possessing a surplus of every necessity of life in which numbers, willing and anxious to work, are deprived of these necessities. It simply cannot be if our moral and economic system is to survive. (1)

(1) Herbert Hoover before the President's Conference on unemployment at Washington D.C. Sept. 26, 1931.

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